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OXC-2802

Copy 1 of 8

19 January 1962

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT : Approval of Final Settlement Agreement under  
Contract No. CC-28441, Amendment No. 3,  
with Information Fidelity Incorporated

1. This memorandum contains a recommendation for the approval of the Deputy Director (Plans). Said recommendation is contained in paragraph 8. This paper is written as a short historical account of performance under this contract, which was terminated for the convenience of the Government on 8 November 1961. In addition, it makes recommendations with respect to final settlement and adjustment of fixed fee.

25X1 2. Subject contract was originally entered into for procurement of the services of a Scientific Management Group, consisting of a Chief Executive Officer, a Chief Scientist, and other technical and administrative aides to carry out AR research coordinating activities and other related services at the test site. The primary purpose of the contract was to utilize a team relationship then existing between  
25X1 [redacted] Mr. Herbert Miller, both of whom had  
25X1 theretofore been actively and intimately involved in the AR research portion of the OXCART Program. The justification for establishing a new contractual vehicle for attaining the services of these two gentlemen was to provide an atmosphere and a relationship under which  
25X1 [redacted] scientific best efforts could be assured to the OXCART Program on a continuing basis. Such a contractual interrelationship was at the time considered a necessary, if not the only, condition precedent to [redacted] continued best efforts in the Program. The scope of the original contract costs were estimated at \$303,356.00, and fixed fee established in the amount of \$24,269.00 for the period 1 March 1961 through 30 June 1962. Subsequently, in September 1961 this contract was amended to expand the scope thereof to include technical supervision during establishment and installation of  
25X1 equipment [redacted] as well  
25X1 [redacted]

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as the subsequent maintenance and operation thereof through 30 June 1962. For this additional scope of work the estimated cost of the contract was increased by an amount of \$168,324.00, plus additional fixed fee in the amount of \$9,451.00. The contract provided that this fee increase (\$9,451.00) was predicated upon the Contractor's having in its employ and beneficially utilized for the AR Model Range the following personnel effort through 30 June 1962:

- a. 22 man-months supervisory and/or electronic maintenance engineers
- b. 24 man-months electronic and/or electromechanical technicians

25X1 3. In evaluating performance under this contract, the Chief, Development Branch, DPD, and Special Assistant for Technical Analysis, DPD, were reasonably satisfied with the progress made from the beginning of the contract effort through the period ending 30 October, on which date [ ] made the personal decision to withdraw from, and to be no longer associated with, Information Fidelity Incorporated. Since it was known that [ ] was leaving the employment of the Contractor, which, of course, terminated the team concept originally contemplated under the contract, a termination notice was given terminating forthwith further effort. Such notice of termination was given on 6 November and was followed by a Headquarters conference on 8 November attended by Mr. Miller. At this later conference it was determined advisable, and in the Government's best interest, to continue certain contract effort for another three weeks (through 30 November 1961) for submission of a final report, completion and delivery of simulation equipment, and completion of fabrication and/or procurement of equipment for the [ ]

25X1

4. All services required under subject contract, as terminated, have now been rendered, including delivery of all Government-owned property and equipment, and a final report which satisfactorily summarizes all work and findings accomplished (as certified to by the Special Assistant for Technical Analysis, DPD and Chief, Development Branch, DPD).

5. DPD's cognizant Air Force Auditor has audited Contractor's books and records and confirms allowable costs through completion of termination activities in the amount of \$231,267.83.

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6. As above noted, the fee provided for the original scope of work (over a period of 16 months) was \$24,269.00. The Contract was terminated at the end of the tenth month. On an elapsed time basis the Contractor properly could be paid 62% of such original fee, or \$15,046.00. The original fee as established for the [redacted] effort was \$9,451.00. Computationally, 36% of the level of effort of this work has been performed and the Contractor therefore entitled to \$3,240.00 of the original fee.

7. During negotiations conducted at Headquarters on 13 December 1961, the Contracting Officer and Mr. Miller tentatively agreed to a final fee payment in this case of \$19,286.00. The Contracting Officer's rationale paying of this fee figure is as follows:

62% of fee on original scope . . . . .	\$15,046.00
36% of fee for [redacted] effort. . . . .	3,240.00
A compromised amount of fee considered equitable under all circumstances, particularly since all in-plant equipment has been delivered to the Government, even though title did not by the terms of the contract vest in the Government . . . . .	
	<u>1,000.00</u>
Total	\$19,286.00

8. The Contracting Officer therefore recommends that this contract be finally settled for reimbursement to the Contractor of allowable costs amounting to \$231,267.83 plus a fixed fee of \$19,286.00, or a total contract amount of \$250,553.83.

[redacted]  
Contracting Officer, DPD

CONCUR:

[redacted]  
Comptroller, DPD

[redacted]  
JOHN PARANGOSKY  
Chief, Development Branch, DPD

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Special Assistant for Technical Analysis, DPD

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Acting Chief, DPD

APPROVED:

25X1



RICHARD M. BISSELL, JR.  
Deputy Director (Plans)

*9 February 1962*

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